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Newsletter Issue # 10
Cost Savings & Planning



THE HUMAN FACTOR, Inc.

... helping companies, teams & individuals be better, faster, stronger

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In addition to several presentations to CEO groups around the country on **Innovating Every Day**, Holly will participate in two major

events in January. On **January 23rd**, she will be a guest speaker at the Executive Girlfriend's Group (EGG). [EGG](#) is for executive women (both corporate and entrepreneurs) that would like to connect, share, care and grow. This group is by invitation only. Please contact [Chicke Fitzgerald](#) to recommend someone.



And on **January 31st**, Holly will be the keynote speaker at the San Diego Ladies Who Launch event.

The event is open to the public so sign up today!

National Speaker and Business Guru Holly Green: "Bursting Your Bubbles" workshop. Get over your fear of recession, get focused, get unstuck and get inspired.

The last newsletter talked about "Investing in the Future" (a copy of Newsletter #9 can be found at [TheHumanFactor.biz](#)). In continuing with our series on Prospering in 2009, this week's newsletter addresses **Cost Savings & Planning**.

The news media cites that in 2008, 2+ million people lost their jobs as companies looked to trim expenses from the bottom line. While some pruning in the garden is healthy in order to generate new growth and make way for new varieties of plants, over-pruning, or pruning some plants at all, can result in a garden completely withering away. The same can be said for the mass layoffs that we have been reading about in the news. Slashing headcount is often believed to be a quick and easy one-time fix to the bottom line, however, in the long-term, companies who have opted for this path are not well positioned to respond to an economic upturn (which happened in 8 months the last time we went through tough economic times). Instead of being able to focus their energies on the recovery, they will be forced to compete for talent to fill voids in knowledge and expertise that they tossed out the door, wait for the new talent to pass through the learning curve, re-train employees and potentially forfeit market share and new growth opportunities.

Before I dive in with action steps, it is important to remember there is a huge difference between "survival mode" (trying to keep going in spite of major losses in revenue, customers, etc. and/or difficulty making payroll) versus sustaining/maintaining your business (things are slowing down, but cash flow is still positive and the right foundation is in place to get through tough times). This newsletter is focused on sustaining/maintaining a healthy business.

Now is the time to Pause and...

Time: 10 am-1 pm Saturday, Jan 31st

Where: Best Western Stratford Inn,
710 Camino Del Mar, Del Mar CA
92014

Cost: Free to Ladies Who Launch
Ongoing Members/\$65 registration
non LWL Members

How to register and Pay:

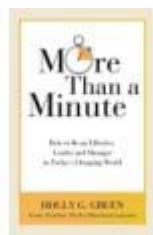
Register for [Event](#) or cut and paste
link [https://www.paypal.com/cgi-
bin/webscr?cmd=_s-
xclick&hosted_button_id=1799405](https://www.paypal.com/cgi-bin/webscr?cmd=_s-xclick&hosted_button_id=1799405).

Products and Resources

Now is the time to utilize available resources to ensure the future success of your organization. The Human Factor, Inc. offers a wide range of complimentary articles as well as toolkits and workbooks for purchase. Visit [The Human Factor, Inc.](#) to see all that we offer and order what you need today.

Book Buzz

"Holly's greatest asset is her unique ability to bring all of us along in her perpetual pursuit of the best answers. Using her tools and processes, I have watched her effectively convert 'stuck in the mud' management teams into aggressive first movers who regained their competitive edge." Joel Kocher, former President Dell Computer & Chairman, groundswell



Click [here](#) to read more "Book Buzz" and see what others are saying about *More Than a Minute*.

Focus - I cannot overstate how important focus is right now. In tough times, it becomes easy to pursue many options and lose focus on what is most critical for your business. Companies should always be defining and redefining excellence based on market changes, industry innovations, etc. Clearly define what winning looks like in your organization for the next 6-12 months. Focus on the following categories:

- key operating achievements (the really critical measures)
- the work processes and metrics used to measure progress
- the tools and systems necessary to accomplish what needs to get done
- how to implement (the behaviors, beliefs and operating practices to serve you well)
- the products that will deliver maximum value and growth in the short term
- identify your customers and decide how to retain them and/or get more share of their wallet
- determine the greatest threat you have and come up with a plan to mitigate any risks

Examine & Evaluate - Go through your strategic initiatives (the projects or efforts taking most of the resources in your organization) and decide what you should stop doing and continue doing. Tough times are not generally a great time to begin new initiatives, but if there is something critical to your survival, start it and figure out what you will stop. Determine a scale to subjectively evaluate the value of your initiatives and use it. (You can find more specifics and examples on this in *More Than a Minute*, chapter 5).

Communicate - It is vital that you keep your employees informed about what is going on, what changes are being made and why. Keep the key initiatives in front of them because, in times of economic uncertainty or decline, when companies or managers don't update key employees about the organization's outlook and strategy for coping with changing market conditions - negative "bubbles" start to take over. (See my [previous blogs](#) for more on *bubbles*.) Rumors about layoffs and other energy draining beliefs will keep employees angry, anxious and distracted so you must do what you can to minimize them.

Build deeper relationships - Retain your customers. It is a lot less expensive to retain your current customers than it is to acquire new ones. Talk to your current customers more. Assign a senior

executive to all of your top customers and give them extra attention. Listen more. Reassign resources in the company to focus on this versus getting new business.

Retain your employees (unless you are in the final stages of survival mode). Your employees know your business so they know what can and/or should be changed to make it better. Tap into them as a resource and learn to do more of the right things versus a lot of things. Listen more and keep employees vested in success by communicating. Consider simple and low or no cost incentives like potluck lunches, lunch & learn sessions, stock grants (for private companies), changes in titles, opportunities to work on retaining customers or doing sales, etc.

Instead of laying off staff, consider offering pay cuts, unpaid time off, shorter work weeks, job sharing, unpaid sabbaticals, etc. "For the past 5 years, Randstad has been tracking the trend of employee satisfaction and their survey suggests that, as the economy softens and good jobs are harder to find and keep...employees are more appreciative of their current jobs... and job satisfaction is at its highest in 4 years." (Randstad's 2008 World of Work survey results, www.us.randstad.com). It is likely for employees to have greater receptivity to creative cutbacks than ever before.

A recent example of such bold leadership was displayed by FedEx. The package delivery company said it will cut pay for senior executives and freeze 401(k) contributions for a year. On Jan. 1, CEO Smith will take a 20 percent pay cut and the pay of other top brass will fall by 7.5 percent to 10 percent. FedEx will also implement a 5 percent pay cut for all remaining U.S. "salaried exempt" personnel, which excludes hourly workers such as couriers and package handlers. Mechanics and pilots are also excluded. FedEx said it has about 36,000 salaried exempt U.S. workers. Combined, the company expects the measures to save \$200 million through the remainder of the fiscal year ending in May and \$600 million in the next fiscal year.

A few other simple tips -

- Plan for and purchase *only* what you need. Round up all those unused binders, paperclips, pens, pencils, file folders, etc. and gather them in a central location. It means little dollar wise but can send a powerful message about the importance of being frugal and thoughtful with spending.
- Review vendor contracts and/or source for new vendors (raw materials, communications, office supplies and equipment, banking, travel,

- etc.) to negotiate better rates and discounts. Businesses want YOU.
- Remember TQC (Total Quality Management). Engage everyone to participate in finding ways to streamline processes and trim down bureaucracy to save time. Time is money.

I hope some of these tips help you to navigate through this turbulent terrain. It's no secret that most organizations need great leaders and managers now more than ever!

[Contact Holly Green](#) at The Human Factor, Inc. today to help you customize your Strategy of Success and avoid the pitfalls of "survival mode".

Answer to last edition's *Who said this?* "The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise to the occasion. As our case is new, so we must think anew and act anew." President Abraham Lincoln.

This week's *Who said this?* "It is always wise to look ahead, but difficult to look further than you can see." Find out who in the next newsletter.

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